

# Public Utilities Commission

Analyst: Milstead

## Historical Summary

| <b>OPERATING BUDGET</b>         | <b>FY 2006<br/>Total App</b> | <b>FY 2006<br/>Actual</b> | <b>FY 2007<br/>Approp</b> | <b>FY 2008<br/>Request</b> | <b>FY 2008<br/>Gov Rec</b> |
|---------------------------------|------------------------------|---------------------------|---------------------------|----------------------------|----------------------------|
| <b>BY FUND CATEGORY</b>         |                              |                           |                           |                            |                            |
| Dedicated                       | 4,694,200                    | 4,170,500                 | 4,476,800                 | 5,018,000                  | 4,817,100                  |
| Federal                         | 70,400                       | 44,200                    | 68,500                    | 71,000                     | 70,600                     |
| <b>Total:</b>                   | <b>4,764,600</b>             | <b>4,214,700</b>          | <b>4,545,300</b>          | <b>5,089,000</b>           | <b>4,887,700</b>           |
| Percent Change:                 |                              | (11.5%)                   | 7.8%                      | 12.0%                      | 7.5%                       |
| <b>BY OBJECT OF EXPENDITURE</b> |                              |                           |                           |                            |                            |
| Personnel Costs                 | 3,447,000                    | 3,271,300                 | 3,312,600                 | 3,636,700                  | 3,443,800                  |
| Operating Expenditures          | 1,265,700                    | 896,500                   | 1,196,900                 | 1,422,200                  | 1,413,800                  |
| Capital Outlay                  | 51,900                       | 46,900                    | 35,800                    | 30,100                     | 30,100                     |
| <b>Total:</b>                   | <b>4,764,600</b>             | <b>4,214,700</b>          | <b>4,545,300</b>          | <b>5,089,000</b>           | <b>4,887,700</b>           |
| Full-Time Positions (FTP)       | 49.00                        | 49.00                     | 49.00                     | 50.00                      | 49.00                      |

## Department Description

The Idaho Public Utilities Commission was established by the 12th Session of the Idaho Legislature and was organized on May 8, 1913. The Commission oversees the intrastate operation of investor-owned electric, gas, water, and telecommunications utilities, pipelines, and railroads. The Commission does not regulate publicly owned municipal, or cooperative utilities. The Commission serves the citizens and utilities of Idaho by determining fair, just and reasonable rates for utility commodities and services to be delivered safely, reliably, and efficiently, and by ensuring safe and adequate rail services within the state.

After the legislature removed the motor carrier function from the Commission, the Administration, Utilities and Regulated Carriers programs were combined into one program for budgeting purposes. The commissioners are supported by two policy analysts, legal counsel, the utilities division, and an administrative division.

The Administration Division has management, fiscal, personnel and public affairs, pipeline, and railroad carrier responsibilities. It provides support services for the agency (Sections 61-301:337, Idaho Code). The railroad carriers function is responsible to assure that railroads operate safely and that the public is provided adequate rail service (Section 61-509, Idaho Code).

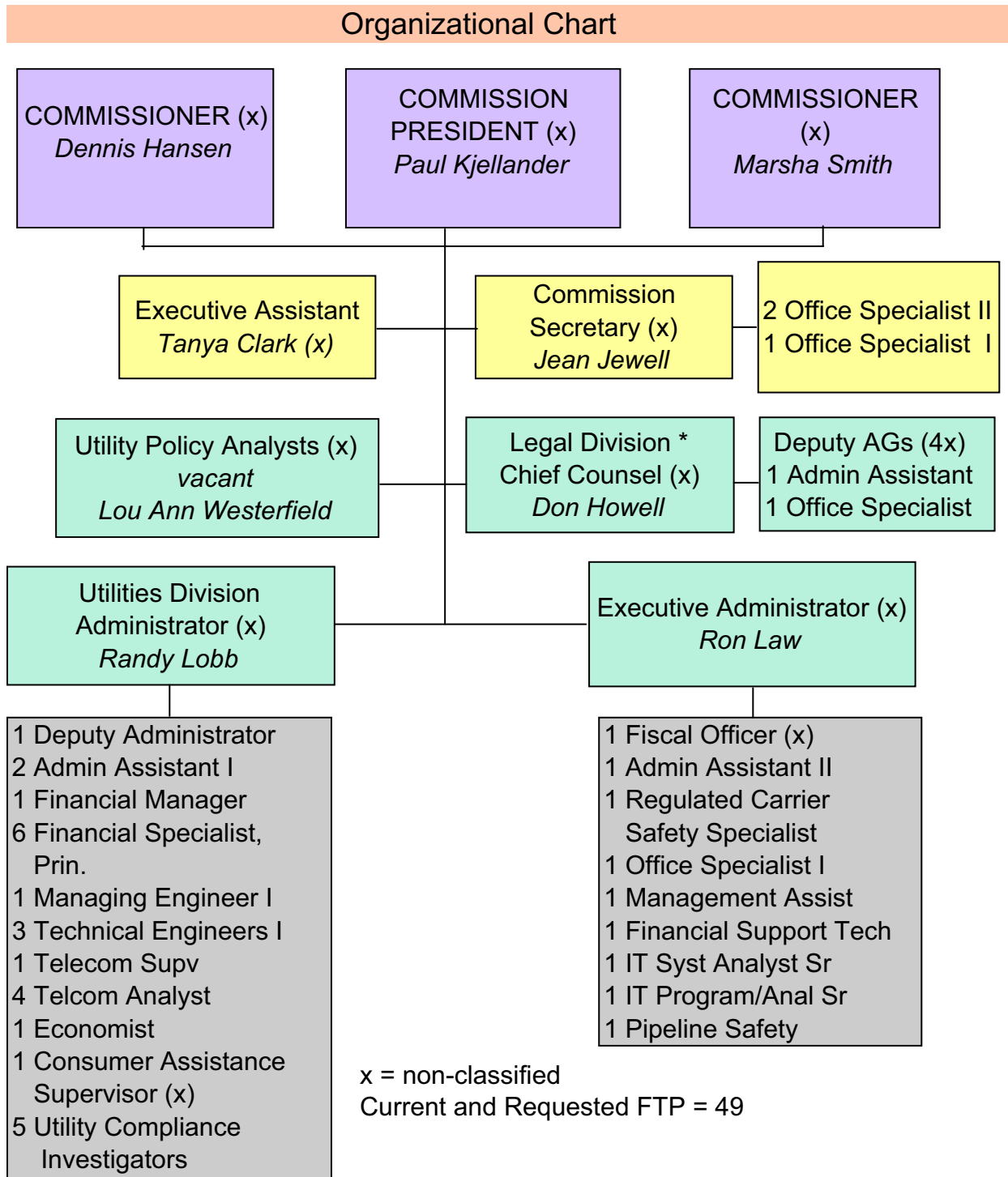
The Utilities Division includes: Accounting, Engineering, Economic, Telecommunications, and Consumer Assistance. The Accounting Section advises the Commission on auditing, accounting, financing, income tax and security issues. It participates in all rate cases to determine proper income, expenses, rate bases and revenue requirements. The Engineering, Economic, and Telecommunications Sections are primarily responsible for economic and engineering analysis of rates, rate design, and cost of service and technical evaluations of company proposals. The Consumer Assistance Section is responsible for handling customer complaints and specialized information requests.

Programs are funded by the Public Utilities Commission Fund which consists of fees collected from the regulated utilities (telephone, power, natural gas, and water corporations) in the amount of not more than 0.3% (currently .2486%) of their intrastate revenues (Section 61-1004, Idaho Code) and from railroad corporations not more than 1% (currently .7587%) of the gross operating revenues derived from the intrastate business. In prior years, General Fund expenditures for the salaries and benefits of the commissioners (Section 61-1009, Idaho Code) were reimbursed to the General Fund at year end from the Public Utilities Commission Fund. However, beginning in FY 2001, the law was changed and Commissioner's salaries are now paid from the PUC Fund.

# Public Utilities Commission

## Agency Profile

Analyst: Milstead



\*Note: Attorneys General are paid through o.e. by contract with the AG's office and do not count as FTPs in this agency.

# Public Utilities Commission

## Agency Profile

Analyst: Milstead

### Strategic Planning Act Performance Measures

| Selected Measures  | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|--|---------|---------|---------|---------|
| 1. Number of cases completed                             | 231     | 193     | 216     | 194     |
| 2. Number of complaints/inquiries received by Commission | 4,698   | 3,689   | 2,958   | 2,731   |
| 3. Avg. # of days to resolve complaints                  |         |         |         |         |
| 4. Number of gas system facility visits                  | 29      | 25      | 23      | 22      |
| 5. Number of rail hazardous material inspections         | 103     | 66      | 7       | 134     |
| 6. Number of rail abandonment investigations             | 0       | 2       | 2       | 1       |

| Fund Information                                   | FY 2004 Act. | FY 2005 Act. | FY 2006 Act | FY 2007 Est. |
|--|--------------|--------------|-------------|--------------|
| <b>Public Utilities Commission Fund</b>            |              |              |             |              |
| Beginning Free Fund Balance                        | \$4,425,700  | \$4,438,100  | \$4,534,800 | \$4,869,800  |
| Encumbrances as of July 1                          | 0            | 0            | 0           | 0            |
| Regulatory Utility Fees (.2486% of intrastate rev) | 3,995,800    | 4,041,900    | 4,335,600   | 4,358,500    |
| Utilities Security Issuance Fees                   | 8,600        | 1,200        | 9,100       | 6,000        |
| Railroad Regulatory Fees (.8171% gross op rev)     | 66,300       | 130,200      | 151,500     | 114,100      |
| Pipeline safety program grant                      | 0            | 86,300       | 7,900       | 0            |
| Misc. Receipts (filing fees, copy sales, etc.)     | 7,900        | 16,500       | 1,400       | 4,600        |
| Total Available for Year                           | 8,504,300    | 8,714,200    | 9,040,300   | 9,353,000    |
| Cash Expenditures                                  | 4,066,200    | 4,168,200    | 4,181,700   | 4,476,800    |
| Encumbrances as of June 30                         | 0            | 11,200       | (11,200)    | 0            |
| Ending Free Fund Balance*                          | \$4,438,100  | \$4,534,800  | \$4,869,800 | \$4,876,200  |

\*The PUC needs to retain a Free Fund Balance of about 50% of the appropriation for cash-flow purposes.

### Fund Sources/Uses

#### FY 2007 Original App.

**Public Utilities Commission Fund (229-20):** Each public utility and railroad corporation annually pays a special regulatory fee in such amount as determined by the Commission. The fee shall not exceed one percent of the gross operating revenues derived from the intrastate business of each railroad corporation and shall not exceed three-tenths of one per cent of the gross operating revenues derived from the intrastate business of each public utility. This fund pays the costs of regulating utilities subject to the Commission's jurisdiction.

\$4,476,800

**Federal Grants (348-00):** Federal monies used for physical inspection of intrastate natural gas pipelines and to evaluate pipeline operating procedures.

\$68,500

**\$4,545,300**

# Public Utilities Commission

Analyst: Milstead

## Comparative Summary

| Decision Unit                         | Agency Request |          |                  | Governor's Rec |          |                  |
|---------------------------------------|----------------|----------|------------------|----------------|----------|------------------|
|                                       | FTP            | General  | Total            | FTP            | General  | Total            |
| <b>FY 2007 Original Appropriation</b> | <b>49.00</b>   | <b>0</b> | <b>4,545,300</b> | <b>49.00</b>   | <b>0</b> | <b>4,545,300</b> |
| Removal of One-Time Expenditures      | 0.00           | 0        | (35,800)         | 0.00           | 0        | (35,800)         |
| <b>FY 2008 Base</b>                   | <b>49.00</b>   | <b>0</b> | <b>4,509,500</b> | <b>49.00</b>   | <b>0</b> | <b>4,509,500</b> |
| Benefit Costs                         | 0.00           | 0        | 74,400           | 0.00           | 0        | 0                |
| Inflationary Adjustments              | 0.00           | 0        | 8,500            | 0.00           | 0        | 100              |
| Replacement Items                     | 0.00           | 0        | 30,100           | 0.00           | 0        | 30,100           |
| Statewide Cost Allocation             | 0.00           | 0        | 216,800          | 0.00           | 0        | 216,800          |
| Change in Employee Compensation       | 0.00           | 0        | 91,900           | 0.00           | 0        | 131,200          |
| <b>FY 2008 Program Maintenance</b>    | <b>49.00</b>   | <b>0</b> | <b>4,931,200</b> | <b>49.00</b>   | <b>0</b> | <b>4,887,700</b> |
| 1. Engineers' Salaries                | 0.00           | 0        | 49,100           | 0.00           | 0        | 0                |
| 2. Deputy Director Position           | 1.00           | 0        | 108,700          | 0.00           | 0        | 0                |
| <b>FY 2008 Total</b>                  | <b>50.00</b>   | <b>0</b> | <b>5,089,000</b> | <b>49.00</b>   | <b>0</b> | <b>4,887,700</b> |
| Change from Original Appropriation    | 1.00           | 0        | 543,700          | 0.00           | 0        | 342,400          |
| % Change from Original Appropriation  |                |          | 12.0%            |                |          | 7.5%             |

# Public Utilities Commission

Analyst: Milstead

| Budget by Decision Unit   | FTP   | General | Dedicated | Federal | Total     |
|---|-------|---------|-----------|---------|-----------|
| <b>FY 2007 Original Appropriation</b>   | 49.00 | 0       | 4,476,800 | 68,500  | 4,545,300 |
| <b>Removal of One-Time Expenditures</b>   |       |         |           |         |           |
| Remove funding provided for one-time items including \$15,000 for LAN upgrades and 16 PCs and monitors for \$20,800.  |       |         |           |         |           |
| Agency Request  | 0.00  | 0       | (35,800)  | 0       | (35,800)  |
| Governor's Recommendation   | 0.00  | 0       | (35,800)  | 0       | (35,800)  |
| <b>FY 2008 Base</b>   |       |         |           |         |           |
| Agency Request  | 49.00 | 0       | 4,441,000 | 68,500  | 4,509,500 |
| Governor's Recommendation   | 49.00 | 0       | 4,441,000 | 68,500  | 4,509,500 |
| <b>Benefit Costs</b>  |       |         |           |         |           |
| Restores funding for premium holidays taken in FY 2007. Also includes the employer-paid portion of estimated changes in employee benefit costs including \$350 per employee for health insurance.   |       |         |           |         |           |
| Agency Request  | 0.00  | 0       | 73,400    | 1,000   | 74,400    |
| <i>The Governor recommends that all health insurance related adjustments be funded by program changes or utilizing reserves available in the group insurance contract. As the PERSI Board voted to maintain the current contribution rate for the upcoming fiscal year, no adjustment to retirement rates is necessary.</i> |       |         |           |         |           |
| Governor's Recommendation   | 0.00  | 0       | 0         | 0       | 0         |
| <b>Inflationary Adjustments</b>   |       |         |           |         |           |
| This customized inflationary adjustment is a 1.81% increase over the base. It is calculated by subtracting statewide allocation plan costs and applying a 1.81% increase for all remaining operating costs except fuel and lubricant costs which are inflated by 3.17%.   |       |         |           |         |           |
| Agency Request  | 0.00  | 0       | 8,500     | 0       | 8,500     |
| <i>Inflationary increases are provided only for contractual obligations such as leased space costs. Other inflationary requests are not recommended.</i>  |       |         |           |         |           |
| Governor's Recommendation   | 0.00  | 0       | 100       | 0       | 100       |
| <b>Replacement Items</b>  |       |         |           |         |           |
| This reflects \$5,000 in spending authority for LAN equipment, \$14,400 for 16 personal computers, \$800 for monitors, and \$9,900 for a scanner/printer for the agency's document management efforts.  |       |         |           |         |           |
| Agency Request  | 0.00  | 0       | 30,100    | 0       | 30,100    |
| Governor's Recommendation   | 0.00  | 0       | 30,100    | 0       | 30,100    |
| <b>Statewide Cost Allocation</b>  |       |         |           |         |           |
| This decision unit includes adjustments for services provided by state agencies as follow: \$215,600 for Attorney General fees, \$1,100 for State Controller fees, and \$100 for property and casualty insurance premiums.  |       |         |           |         |           |
| Agency Request  | 0.00  | 0       | 216,800   | 0       | 216,800   |
| Governor's Recommendation   | 0.00  | 0       | 216,800   | 0       | 216,800   |
| <b>Change in Employee Compensation</b>  |       |         |           |         |           |
| Reflects the calculated cost of a 3.5% salary increase for permanent and group positions.   |       |         |           |         |           |
| Agency Request  | 0.00  | 0       | 90,400    | 1,500   | 91,900    |
| <i>The Governor recommends a compensation increase of 5% to be distributed based on merit.</i>  |       |         |           |         |           |
| Governor's Recommendation   | 0.00  | 0       | 129,100   | 2,100   | 131,200   |
| <b>FY 2008 Program Maintenance</b>  |       |         |           |         |           |
| Agency Request  | 49.00 | 0       | 4,860,200 | 71,000  | 4,931,200 |
| Governor's Recommendation   | 49.00 | 0       | 4,817,100 | 70,600  | 4,887,700 |

# Public Utilities Commission

Analyst: Milstead

| Budget by Decision Unit   | FTP   | General | Dedicated | Federal | Total     |
|---|-------|---------|-----------|---------|-----------|
| <b>1. Engineers' Salaries</b>   |       |         |           |         |           |
| This requests \$49,100 in on-going spending authority to augment current salaries for the PUC's four engineering positions. The agency states that attracting and retaining qualified engineers has become a critical issue at the PUC. Current salary requirements are being met with salary savings. However, in FY 2008 the agency states that salary savings cannot be counted on to provide needed funds to retain or replace these employees.                         |       |         |           |         |           |
| Agency Request  | 0.00  | 0       | 49,100    | 0       | 49,100    |
| <i>Not recommended by the Governor.</i>   |       |         |           |         |           |
| Governor's Recommendation   | 0.00  | 0       | 0         | 0       | 0         |
| <b>2. Deputy Director Position</b>  |       |         |           |         |           |
| The agency requests an additional position and \$108,700 in on-going funding (\$83,100 in salary; \$25,600 in benefits) to meet current workload requirements of the Commission staff. The agency states that it is dealing with this personnel challenge with current staff members assuming various parts of the position's job requirements. This means work is fragmented and requires additional time and energy from those staff members to complete necessary tasks. |       |         |           |         |           |
| Agency Request  | 1.00  | 0       | 108,700   | 0       | 108,700   |
| <i>Not recommended by the Governor.</i>   |       |         |           |         |           |
| Governor's Recommendation   | 0.00  | 0       | 0         | 0       | 0         |
| <b>FY 2008 Total</b>  |       |         |           |         |           |
| Agency Request  | 50.00 | 0       | 5,018,000 | 71,000  | 5,089,000 |
| Governor's Recommendation   | 49.00 | 0       | 4,817,100 | 70,600  | 4,887,700 |
| Agency Request  |       |         |           |         |           |
| Change from Original App  | 1.00  | 0       | 541,200   | 2,500   | 543,700   |
| % Change from Original App  | 2.0%  |         | 12.1%     | 3.6%    | 12.0%     |
| <i>Governor's Recommendation</i>  |       |         |           |         |           |
| Change from Original App  | 0.00  | 0       | 340,300   | 2,100   | 342,400   |
| % Change from Original App  | 0.0%  |         | 7.6%      | 3.1%    | 7.5%      |